

STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2006

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HAPPY HOLIDAYS TO ALL OF YOU

The Office of State Aid and School Finance staff—Jerry, Joellen, Phil, Sandy, Glenda and Dan—wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming new year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for your support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third payment of the 2006-2007 fiscal year. The payment will be electronically transferred to the districts' accounts on Wednesday, December 20, 2006.

Taxable value - The December payment continues to use the *beginning* 2006 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus. Questions concerning taxable value should first be directed to the appropriate county treasurer.

Pupil membership - September 2006 unaudited pupil count data were used in the calculation of the blended membership count for the December payment. Also, the **three-year average membership blend** was calculated for qualifying districts using these unaudited counts. These are districts with a current year 25% - 75% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2004-2005, fiscal year 2005-2006 and fiscal year 2006-2007 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average. See related discussion below pertaining to Section 29 funding.

Updated categoricals - The following categoricals were updated in the December payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Special Education - Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)
- Special Education - Section 51a.1 Tuition Deduct (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)
- ISD Great Start - Section 32j (Jacqueline Wood, Early Childhood Education and Family Services, (517) 241-4741, WoodJac@Michigan.gov)
- Michigan School Readiness - Section 32d (Connie Robinson, Early Childhood Education and Family Services, (517) 241-4291, RobinsonConnie@Michigan.gov)

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 15th submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for the districts with outstanding reports as of December 8, the December payment has been withheld. Payments will continue to be withheld until the required reports are received. A total of six districts and PSAs have had this payment withheld. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there remain a few noncompliant districts. We appreciate the cooperation of all those who have filed their reports in a timely manner.

DELINQUENT REP DATA RESULTS IN 5% WITHHOLDING

Section 19(5) of the State School Aid Act requires local districts, intermediate districts and PSAs to submit their Registry of Educational Personnel (REP) data to the Center for Educational Performance and Information (CEPI) by the first business day in December each year. Section 19(7) of the State School Aid Act requires the Department to withhold 5% of the total funds for which the local district, intermediate district or PSA qualifies for under the act for non-compliance with the reporting requirement. State aid funds are being withheld from a total of 10 entities that did not comply with the REP reporting requirement. The withheld amount will appear on the State Aid Status Report as a negative amount under the section labeled "Current Year Allowances" on a line labeled "REP Deduct." Questions related to the submission of the REP data should be directed to the DIT Client Service Center via e-mail at help-desk@Michigan.gov or phone at (517) 335-0505.

SECTION 99C MIDDLE SCHOOL MATH INITIATIVE FUNDS UPDATED

The FY 2007 **Middle School Math Initiative (Section 99c)** categorical funding was updated for the December payment. This categorical allocates \$20 million to improve pupil performance in mathematics. These funds are paid out on a per pupil (6th, 7th, and 8th grade) basis to local districts. Prior to the December payment, the distribution was based solely on general education pupil counts. Beginning in December, the pupil counts used in the calculation include both general education and special education pupils reported to the CEPI in the Single Record Student Database. The per pupil amount used in the calculation of this categorical in December is \$52.02. Guidance related to the allowable uses of these funds was sent to all district and ISD superintendents in a letter from Jeremy Hughes. Questions related to this item may be directed to Ruth Anne Hodges, School Improvement, (517) 241-2219 or e-mail: HodgesRA@Michigan.gov.

SECTION 29 DECLINING ENROLLMENT FUNDS UPDATED

The Section 29 Declining Enrollment allowances have been updated for the December payment. This categorical allocates \$20 million to districts with a decline in membership from FY 2005 to FY 2006 as well as from FY 2006 to FY 2007. The payment is based on the difference between a three year average blend and the regular blended membership multiplied by the district's foundation. Prior to the December payment, the September 2005 pupil counts were used as an estimate of the September 2006 counts in this calculation. The unaudited September 2006 counts have been used in the December calculation of Section 29 funding. Therefore, as the statewide eligibility is prorated down to \$20 million, the allowance amounts for all districts have changed in December. Please be aware that these allowance amounts will continue to change slightly as audited September 2006 pupil counts are received. Questions related to this item may be directed to Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

SECTION 20(8) AND SECTION 20(9) FUNDING INFORMATION

Certain "hold-harmless" districts are eligible for funding under Section 20(8) or Section 20(9) of the State School Aid Act. A hold-harmless district is defined as a district whose FY 1995 foundation was \$6,500 or greater. The eligible hold harmless districts are those with less than 350 pupils or those eligible to levy .5 mill or less under Section 1211(1) of the *Revised School Code*. In order to qualify, the district must submit a board resolution each year stating that they are not levying any millage under Section 1211(1) and are requesting payment under Section 20(8) or Section 20(9). If your district qualifies under either of the criteria and has not sent in the resolution, you may still do so. However, you should submit the resolution as soon as possible to: Michigan Department of Education, P.O. Box 30106, Lansing Michigan 48909. Questions related to this item may be directed to Dan Hanrahan at (517) 335-0521 or e-mail: HanrahanD@Michigan.gov.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$203.8548542491 per pupil.

The proration factor for Section 56 Special Education Millage Equalization is .9745988453.

The proration factor for Section 29 Declining Enrollment is .096786224.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov